

APPENDIX

Revenue Act of 1926, c. 27, 44 Stat. 9:

SEC. 303. [As amended by Sec. 807 of the Revenue Act of 1932, c. 209, 47 Stat. 169, and Secs. 403 and 406 of the Revenue Act of 1934, c. 277, 48 Stat. 680.] For the purpose of the tax the value of the net estate shall be determined—

(a) In the case of a citizen or resident of the United States, by deducting from the value of the gross estate—

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(3) The amount of all bequests, legacies, devises, or transfers, * * * to or for the use of any corporation organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, * * * no part of the net earnings of which inures to the benefit of any private stockholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation, or to a trustee or trustees, * * * but only if such contributions or gifts are to be used by such trustee or trustees, * * * exclusively for religious, charitable, * * * or educational purposes, * * *. If the tax imposed by section 301, or any estate, succession, legacy, or inheritance taxes, are, either by the terms of the will, by the law of the jurisdiction under which the estate is administered, or by the law of the juris-

dition imposing the particular tax, payable in whole or in part out of the bequests, legacies, or devises otherwise deductible under this paragraph, then the amount deductible under this paragraph shall be the amount of such bequests, legacies, or devises reduced by the amount of such taxes. * * *

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Treasury Regulations 80 (1937 ed.), promulgated under the Revenue Act of 1926, as amended:

ART. 44. *Transfers for public, charitable, religious, etc., uses.*—Deduction may be taken of the value of all property transferred by will * * * not to exceed the value of the transferred property required to be included in the gross estate if * * * the property was transferred * * * (2) to or for the use of any corporation or association organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes * * *; or (3) to a trustee or trustees, * * * if such transfers, legacies, bequests, or devises are to be used by such trustee, [or] trustees, * * * exclusively for religious, charitable, scientific, literary, or educational purposes, * * *.

If a trust is created for both a charitable and a private purpose, deduction may be taken of the value of the beneficial interest in favor of the former only insofar as such interest is presently ascertainable, and hence severable from the interest in favor of the private use. * * *

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ART. 47. *Conditional bequests.*—If the transfer is dependent upon the performance

of some act or the happening of some event in order to become effective, it is necessary that the performance of the act or the occurrence of the event shall have taken place before the deduction can be allowed.

If the legatee, devisee, donee, or trustee is empowered to divert the property or fund, in whole or in part, to a use or purpose which would have rendered it, to the extent that it is subject to such power, not deductible had it been directly so bequeathed, devised, or given by the decedent, deduction will be limited to that portion, if any, of the property or fund which is exempt from an exercise of such power.